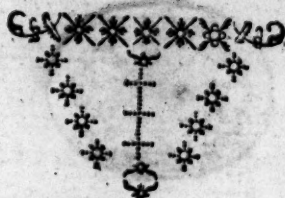


6. *Tracts on Money*
AN
E S S A Y

CONCERNING THE
ESTABLISHMENT
OF A
NATIONAL BANK
IN
IRELAND,



L O N D O N,
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MDCCLXXIV.



A N

E S S A Y, &c.

THOUGH Great Britain can very well bear, without sinking, the heavy incumbrance of her public debts, yet it must be acknowledged, that it is such a load as greatly hinders her from a vigorous and continued exertion of national strength. Her present revenue, that is, the amount of what the people pay annually in taxes to government, exclusive of the king's civil list, exceeds twelve millions sterling; but from the great mortgages upon this revenue, the nation may be compared to a powerful man having one arm tied up; which is certainly not a condition proper for combat. On the supposition that the nation ever remains most studious of peace,

B. which

which ought in every period of time to be first principle of our government, yet the unjust invasions of our ambitious neighbours, may, we cannot tell how soon, make it necessary for us to strain every nerve in maintaining our just rights. Therefore, since the heavy national burden cannot, consistently with public faith, be diminished but very gradually, and very slowly, it will not, I hope, be unacceptable to demonstrate the means of augmenting the natural vigour of the nation, not only for bearing that burden, but for repelling, at the same time, the insults of a foreign enemy.

Every burden, not to be oppressive, ought to be proportioned to the shoulders that bear it; if, therefore, the burden be unavoidable, we ought assiduously to contrive all means to give strength to the bearer. Some late writers, who have drawn their political principles too much from the system of 'Change Alley, have boldly revived a paradox thrown out to the public many years ago, *that it is the burden*

burden that enables us to bear the burden.

I acknowledge some truth in this paradox; and, no doubt, the very exercise of bearing burdens, in some degree, augments the strength of the bearer. But let us analyze the paradox a little, and it will appear, in the latitude they seem to give to it, nothing else but a deceitful political quibble. Upon examining what constitutes the national burden, it will be found not to be the thirteen millions raised annually upon the people; but to consist in the obligation under which the government lies, of disposing of six millions of it annually to the public creditors. Let us suppose for a moment the nation, with its present taxes, disincumbered of its public debts, and that the government had the whole sum of thirteen millions free to employ in public services, it is plain the exertive power of the state would be nearly doubled. A perpetual surplus of six millions, with proper aids from Ireland and America, would be an ample fund for a very extensive war without borrowing, consequently

quently without inducing such necessities as force a peace before the object of the war can be accomplished. It may, therefore, I think be concluded, that the national burden does not consist, at least chiefly, in the sums raised upon the people.

But in supposing no debt, it may be said, that I annihilate a money capital of one hundred and twenty-six millions, which, in the judgment of these political writers, is an astonishing source of power to the nation. This money-capital, however, exclusive of the interest it produces, is not known to exist but from the transfers of property that are now and then made in it *. Now, suppose a law were made, that instead of transferring the principal, the mode should be, that the stockholders were to transfer the interest, most of them I believe would still deem themselves just as rich as at pre-

* It is indeed a very safe and convenient *caisse d'épargne*, or chest of deposit for the savings of money-getting people, though at present full four times too large for that purpose.

sent; and, in truth and fact, it is the interest only that is transferred, for the buyer of stock pays so much to be entitled to such a quantity of interest; therefore, this mighty mass of one hundred and twenty-six millions, when the nature of it is explained, appears to be an ideal sum, or a mere name constituting an obligation to pay; and, at the same time, affording, but in a very small degree, the means of paying; consequently, it may most properly be called an unyielding fund to the nation. No doubt four millions and an half paid annually by government to the public creditors enables thousands to live in affluence; but of what consequence is the revenue of those thousands to the state? the annual amount of the taxes, as we have mentioned above, may be stated at thirteen millions sterling, but the general yearly income of the nation may be demonstrated, upon very sound *data*, to exceed one hundred millions sterling, consequently the taxes make about one eighth part of the general subsistence. In this proportion

tion then, the four millions and an half paid to the public creditors, were it all spent within the kingdom, which is far from being the case, adds to the general receipt of the taxes about an eighth part of itself, or 563,000 l. a year. That is, government by raising thirteen millions instead of seven millions, gains annually about 563,000 l. But let it be observed, that when I supposed the public debt not to exist, I did not suppose the taxes reduced to seven millions. I supposed the government without debt, having an annual income of thirteen millions; in which case, the consumption of the taxes would just produce as much to the public revenue as it does at present, when four millions and an half are consumed by public creditors; nay, it would even produce more, as the profits arising from the circulation of the sinking fund might then be added; therefore, the 563,000 l. which the government gains, cannot with any just reason be said to arise from the public debts, but from the amount of the taxes as if there

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there was no public debt. In this view then it is demonstrable, that the public debts instead of being a source of power, are a very heavy burden to the nation; and that it is a most groundless assertion to say, that if we had not such debts we could not raise such taxes.

In every possible view, I suspect the public debts will still be found to be a burden. The capital of the stockholders of one hundred and twenty-six millions, it is said is the great fund from whence new loans to the government are drawn; but if no such capital existed, the credit of the British state would draw money from every corner of Europe, upon offering the extravagant premiums of thirty and forty per cent. as in the last war; and a capital once lent cannot be lent again a second time. Were the public debts annihilated, it may be alledged seventeen thousand stock-holders would want subsistence; but more than seventeen thousand other subjects would then gain a livelihood; for I suppose the same taxes still to be raised and spent in the nation.

Besides,

Besides, it may be presumed, that more than one half of the stock-holders have other means of subsistence than their annuities from government; and, in the South-Sea year, there was a bankruptcy of thirty millions at six per cent. equivalent to a bankruptcy of sixty millions at three per cent. yet the losses of individuals did not in the least affect the public prosperity. From all these considerations it may be concluded, that the public debts are not a source of power, but a real burden to the state.

They are a very heavy burden in another view, in obliging the government to raise six millions sterling upon the people more than the public service requires, which has so heightened the prices of our manufactures as greatly to check our foreign commerce, one of the principal nourishers of national power. That the capital of the national debt has done great service to the nation cannot be denied; but it does not from thence follow, that it is a source of power to the state. The water that has once
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driven a mill-wheel, cannot be reckoned upon a second time as a motive force. On the contrary, if it is suffered to accumulate behind the wheel, it will be the cause of stopping the wheel. An hundred and fifty millions of pounds borrowed since the Revolution, have doubtless helped to turn the machine of government upon many occasions, when it would otherwise have stood still; but that borrowed aid has been suffered to accumulate after its operation, and now heavily clogs the wheels of the state, many people not distinguishing between its past good effects, and its present bad effects.

A national debt is esteemed by them as the wonderful novelty of modern times, which ought to be cherished as a most useful invention. But if we look into the history of Florence, we shall find that three hundred and fifty years ago, the strength of that most flourishing republic was quite exhausted by an overload of public debts, which were every day sold in the market, and rose and fell like our present

stocks. The history of Venice likewise shews us, that near three hundred years ago, the Venetian government, from a romantic thirst of military exploits, had contracted such excessive debts as rendered the republic incapable of defending its foreign settlements; that those public debts were gradually reduced by successive diminutions from six to one per cent. but that they had brought such weakness upon the State, that an interest of one per cent. was more than it could bear, and the books containing the creditors names were at length ordered to be burnt. It also plainly appears from history, that one of the chief causes of the downfall of the once flourishing Genoese republic was its fondness for contracting public debt; and its blindly, suffering about three hundred years ago, its public creditors to be incorporated under the name of *the Bank of St. George*. Those public creditors obtained the right of levying the public taxes, with many other privileges of such an exclusive and monopolizing nature, that the historian Fo-

lieta,

lieta, without much political sagacity, says in praise of it, that it was *imperium in imperio*. It soon became such in effect, and imperiously prescribed laws to the rulers of the State, which was so entirely without exertive vigour, that while it had scarce revenue sufficient for repairing the fortifications of the capital, the manufacturers were so oppressed by heavy taxes, that they emigrated in great numbers from the territories of the republic; and that coast which was seen covered with villages, crowded with weavers, became in the course of a very few years, as the same historian laments, a mere desert*. If the preceding arguments

* Our South Sea Company, if their wild project in the year 1720, of buying up all the public debts, and subscribing them into their stock, had taken place, would have put fetters upon our government, and soon would have strangled the power of this nation. Nothing but the greatest infatuation and ignorance could have induced the legislature to forward such a monopoly. But, most happily for Great Britain, the imprudencies and villanies of the South Sea directors

ments needed the sanction of facts, these three examples I have mentioned bear ample testimony, that a large capital of public debts, so far from being a source of power, is a heavy and oppressive burden to any nation.

The two perennial fountains of opulence to a state, are the income from land, and the income from the industry of the inhabitants. And, as it is a maxim by which the government has regulated its proceedings for above an hundred years past, that those two incomes, independent of the climate, are rendered more abundant by the lowness of the interest of money, I propose, in the present Essay, to point out a

rendered the monopolizing scheme abortive. The epithet *fatal* would have been extremely applicable to that scheme, if it had taken place ; but since it has failed, it now deserves the name of *most fortunate* ; for, in consequence of the general confusion occasioned by that system, the government got rid of the long annuities at seven, eight, and nine per cent. and a door was opened for the reduction of interest, which has been the chief cause of the present prosperity of the nation.

most

most constitutional expedient for reducing the rate of that interest both in Great Britain and in Ireland. This nation has shot upwards, if I may be allowed the expression, in proportion to the abatement of the interest of money; and if we desire that it should continue to expand itself, and acquire a greater volume and strength, we ought earnestly to promote a still farther reduction of interest, which the present system of money circulation happily not only renders practicable, but most loudly calls for. The three efficient causes for lowering the interest of money in this kingdom have been, first, its natural abundance; secondly, a direct act of parliament; or, thirdly, an operation of administration. Most happily those three causes may now all concur in procuring the advantage to the state of having the interest of money as low in Great Britain and Ireland as in Holland; and why it should not even be lower with us, than with any other nation, it may perhaps be difficult to assign any true political reason, unless
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it be the immensity of our public debts.

Were no money current but money of gold and silver, the rate of interest would then absolutely depend unitedly upon the abundance of those metals and the demand for them, consequently government could operate but very little in fixing that rate, unless it were the sole proprietor of a rich gold or silver mine that could amply supply the wants of every borrower. But for more than fifty years past, this very commercial nation has transacted all business in lending and borrowing, as well as in buying and selling, by a new representative of the medium of commerce, which is become much more abundant in circulation than gold or silver, and has multiplied money in a most amazing degree. Before the year 1650, artificial or nominal money was in this country a non-entity; and till the middle of the reign of king William, even merchants bills were not negotiable. What an immense difference from that straitness to the present laxity,
when

When a bit of paper fraudulently issued by a rogue assumes a transient value equal to that of pure gold. The coiners of this artificial money in this island are innumerable, and in Ireland they monopolize the whole of the circulation. One may count in the city of London (exclusive of the bank of England authorised by government) above thirty of those paper mints. Every considerable commercial city has two or more of them; nay, within these few years, the paper coiners begin even to make their appearance in many inland towns of an inferior order. As the bills of these paper coiners, while they are kept up in circulation, have the same effect as real cash, it may, therefore, justly be concluded, that there is a very great abundance of money real and nominal at present in this Island, and also in the neighbouring Island, which, in this point, as in many others, has copied the example of her elder sister. In king Charles the Second's time, when no bills of credit were in circulation, the amount of the national specie was computed,

puted, by the best political writers, but at eight or ten millions sterling; but, from the present overflow of paper, including all the branches of that kind of circulation, our currency at this period in real and nominal money has been reckoned above one hundred and twenty millions. Now, as our taxes and likewise the prices of commodities and marketable wares, are not above four times as great as they were in the reign of king Charles the Second, money must, therefore, be more than thrice as abundant now, relative to the prices of commodities, as it was an hundred years ago; consequently, instead of a fall in the rate of interest from six to four per cent. our present abundance of money gives reason to expect a fall to two per cent.*

If

* It may perhaps appear surprising, that I do not include in our present currency the capital of our national debt, which alone amounts to one hundred and twenty-six millions; and being every day transferable, is, therefore, reckoned by Mr. Pinto, Mr. Mortimer, and others, as so much
real

If our parliament had been as attentive of late years to that object as it was
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real cash in circulation. This would make our present stock of money above two hundred and forty-six millions, and seemingly strengthen my argument still more; but it has no need of such a weak auxiliary. I have said that the capital of our national debt is in a very safe chest; but it must be remembered, that it is a chest with two locks, and that no man can draw his money from thence, without finding some other person ready to put in as much to replace it, or nearly as much. Therefore, the money in the stocks ever remains dead, or rather, in fact, does not at all exist; and whatever money seems to be drawn from thence is actually so much free money already existing in the nation, or sent in from abroad, which, by the consent of the proprietors, is locked up there, to set at liberty an equivalent sum of stock. The money, therefore, that replaces the fund is to be counted the circulating money, and not the stock itself. Suppose the government had, in a public granary, one hundred and twenty-six thousand quarters of corn; but that it was not lawful, nay, not even possible, to take one quarter from thence without substituting another quarter in its room, it is plain the corn in such a granary would not augment the national stock of provision, and that a granary

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quite

in the last century, the legal rate of interest would certainly not have stood so

quite empty, but *said* to contain as much corn, would just be as serviceable to the nation. The word money implies a medium of commerce ready upon all occasions to be instantly paid away. Public stock, on the other hand, cannot be paid away instantaneously in commerce; for no person will accept of an hundred pounds worth of stock as payment for an hundred pounds worth of goods; and the law has not made it pledgeable like the capitals of the banks of Venice and Amsterdam. Were a law enacted making money in the stocks pledgeable in any indefinite sums above ten pounds, probably many gentlemen and merchants that now keep money in the hands of private bankers for the convenience of making payments, would place that money in the stocks for the same purpose, by which means they would gain at least three per cent. And four or five additional clerks would suffice to transact those transfers, which might be made without the intervention of any brokers, by draughts from the stock-holders in the following form, *Place such a sum of my stock to the account of A. B.* This great commercial city still wants that convenience, enjoyed by other cities of much less consideration; and such a plan would probably bring to the public funds one or two millions of money, and keep the three per cents. above par.

long

long at five per cent. In the year 1624, the rate of the interest of money was reduced by act of parliament from ten to eight per cent. which had such a wonderful good effect in promoting agriculture and manufactures, that, in the year 1660, a farther reduction of interest took place, which was then fixed by act of parliament at six per cent. About fifty years afterwards, the act of queen Anne fixed it at five per cent. but for these sixty years past, the parliament, rather impolitically, has abstained from effecting any farther reduction of interest by a direct law, though, from the preceding paragraph it appears, that the relative abundance of money is much greater in the present period than in any of the former. Mr. Pelham indeed, by a very important operation of administration, may in some degree be said to have reduced the rate of interest one per cent. more; but the very many mortgages in Great Britain at five per cent. and in Ireland at six per cent. are proofs that the influence of that operation is not sufficiently

extended, though the voluntary acquiescence of the public creditors in that rate would have afforded a just ground for the establishment of a new legislative rate a few years after. This was the principle of the act of 1660, as plainly appears from the preamble of that act, which says, “ Forasmuch as the abatement of
 “ interest from ten in the hundred in former times, hath been found by notable
 “ experience beneficial to the advancement of trade, and improvement of
 “ lands by good husbandry, with many
 “ other considerable advantages to this
 “ nation, especially in the reducing of it
 “ to a nearer proportion with other
 “ states with whom we traffique. And
 “ whereas, in fresh memory the like fall
 “ from eight to six in the hundred by a
 “ late *constant practice*, hath found the
 “ like success to the general contentment
 “ of this nation, as is visible by several
 “ improvements; and whereas, it is the
 “ endeavour of some at present to reduce
 “ it back again in practice to the allowance of the statute still in force to eight
 “ in

“ in the hundred, to the great discouragement of ingenuity and industry in the husbandry, trade and commerce of this nation, Be it therefore enacted, &c.”

Not only the present abundance of money among ourselves, but the rate of interest among our commercial neighbours, renders a further reduction of interest expedient in this Island and in Ireland. For, not to mention the lowness of interest in Holland, we find that at Florence their three per cent. public debts are now above par. In the Austrian hereditary dominions, and in France, above eight years ago the interest of money has been reduced to the *vingt-cinquieme denier*, or four per cent. and I have been assured in France from very good authority, that many convents there can now borrow money at the *quarantieme denier*, or two and an half per cent.

The present abundance of money, real and nominal in Great Britain and Ireland, is accompanied with so many disadvantages,

tages, that it would be impolitic to attempt greatly to diminish the quantity of it; for, tho' we could raise the same taxes without the public debts as we do at present with them, as has been above remarked; yet we certainly should find it impossible to raise thirteen millions in taxes annually, if our nominal or paper money were greatly diminished. The quantity of paper money in circulation, therefore, is not so much the grievance, as *its insecurity; and the high interest demanded for the use of it by those who take upon them to be the issuers.*

These two last are the great capital grievances, and a foundation may be laid for correcting them entirely in Ireland, and partly in this Island, by establishing, this present winter, a national or parliamentary bank in Ireland, to be the chief, if not the sole issuer of bills of credit, or circulating notes in that island. Our circulating money at present resembles that heap of earth strowed with corn, which was shewn by the governor of the city to his besiegers, as a proof of
his

his having great store of provisions. The mass appeared prodigious, and happily imposed upon the besiegers; but the trick cannot often be repeated; and had the enemy been tenacious, the unhappy garrison would soon have experienced to their cost the difference between a solid and a superficial subsistence. We, in like manner, from the general insecurity of our nominal money, must in every time of distress run the risk of having that resource fail us when we most want its aid; therefore, in a time of tranquillity, it ought to be our endeavour to give solidity to the superficial mass, by substituting a *real* for a *sham* security. Such a reformation would, with the utmost propriety, take its rise in Ireland, where the field is still open for improvement, and no previous system of a corporation-bank stands in the way of the constitutional establishment of a national bank. It is a reformation, that if effected, would draw congratulations upon administration from every corner of both islands; for though the people have still confused notions of
public

public credit and *private credit*, yet happily an universal opinion is now become prevalent, *That the monied interest is not yet sufficiently controuled by law*; and that if some check is not speedily put upon the issuers of notes, the confusion which they have lately occasioned will soon become general. I say, the terms public credit and private credit are still commonly confounded in the mouths, and I suspect in the ideas of most people, though paper circulation is now universally approved of, and admired as a most happy expedient for promoting the internal commerce of the state; and whenever the distinction between private and public credit shall come to be perceived, it will be altogether in favour of Public or Legislative credit. At present, if the inconsiderable bank of Air stops payment, it is called *a shock to public credit*; or, if the villanies of ----- occasion his own, and one or two more bankruptcies, public credit is said to *have received a great blow*, &c. &c. Such assertions, which are very far remote from truth, plainly shew

shew the confusion in people's minds in regard to the terms public and private credit; but they, at the same time, demonstrate that the transactions of bankers, and the money they issue out upon the public are received with confidence by the people, from a notion that the circulation of such artificial money leans not so much on private security, as on the security of the *whole community*. Could the people then see the security of the whole community solemnly given by an act of parliament to bills of credit, to pass as money, they would with confidence accept of such bank-notes in preference to those of private men; they would soon learn to distinguish clearly between *public credit* and *private credit*; and this last, instead of embracing and monopolizing the whole circulation of the state, as it does at present in Ireland, would be obliged to confine itself to its proper sphere; I mean to the circulation of indorsed bills for real goods or merchandize between merchant and merchant.

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Were the distinction between public and private credit made by law in Ireland, and a public office of circulation, acknowledging the whole legislature of that Island for its immediate parent, established at Dublin, such an office would possess the confidence of the people from its greater security, in preference to any private society of bankers, or even to a banking corporation. The bank of England was incorporated by way of experiment, in a nation that had not faith enough to lean directly upon government; in a nation whose gentry, and whose merchants had no more experience than children, in regard to the currency of nominal money, and who were totally unacquainted with the distinction of a *king's chest* and a *national chest*; a distinction which did not exist before the Revolution. Such a distinction at present does not escape the comprehension of apprentice boys, and of country clowns; but the other distinction between national credit, and the credit of private persons, in regard to the circulation

tion of artificial money, is not yet clearly enough perceived by the people, of which the bankers have availed themselves both in Great Britain and in Ireland for many years back. So general has been the confidence in public faith for more than half a century past, that private bankers have procured a currency to their notes by nothing so much, as by the common, and I may almost say universal opinion, that the public, or the whole community are interested in supporting the credit of their nominal money; which is, therefore, said to circulate upon public credit. The currency of private notes is indeed so far a public credit, that the public are great sufferers whenever that currency fails, but not in the sense, *that the public are conjointly engaged to prevent a failure; or to render a failure next to impossible.* These two senses of public credit, though in the nature of things extremely different, have been hitherto but too much confounded, though it is only the last sense that would be countenanced by the people,

ple, were the distinction made palpable to them by the operations of a national bank in Ireland. The people of Ireland, though, upon reflection, often conscious of the weak security upon which their private bank-notes circulate, receive them, nevertheless, as having no other medium of commerce, and as acquiescing in the prevailing mode ; for no people are more good-naturedly inclined to do as their neighbours do, from a spirit of sociability. In Great Britain likewise, private notes have passed, and are now passing, to an amazing amount, without much consideration upon what ground their credit stands.

The whole of this paper money may be said to have been issued by an unconstitutional sufferance on the part of the legislature ; for the coinage, even of real money, is so closely annexed to the royal prerogative, that should any persons in Great Britain and Ireland, without the direct appointment of the king, coin gold or silver money even better than the present standard, they would nevertheless

less be guilty of treason, though in reality their money in circulation would be naturally worth what it represented. How much more illegally and unconstitutionally then do those persons act, who usher into commerce a false medium of circulation, which is often of no value at all, and serves only to rob credulous people of their property. The fraudulent abuses of this kind have of late been so very frequent in both Islands, as to call aloud for the interposition of the legislature; and, as it is now universally allowed, that artificial or nominal money would be extremely beneficial to the nation, were its security rendered infallible, administration will make a very considerable step to that reformation, by establishing a national bank in Ireland, for issuing notes of currency upon the credit of the Legislature of that Island. The chief thing to be regarded in the paper representative of money is certainly the credit of the first issuer; therefore, bills circulating upon the credit of the whole legislature, or whole community, would

would be acknowledged to have the highest possible security; and would, in fact, be upon a par with the precious metals. The colony of Connecticut, in America, has long ago set a very prudent example to the mother-country, in enacting, THAT EVERY PRIVATE PERSON IN THAT PROVINCE ISSUING BILLS OF CREDIT TO PASS AS MONEY, SHALL BE PUNISHED AS A COUNTERFEITER.

Supposing, however, that it would not be politic at present to proceed so far in Great Britain and Ireland in the regulation of paper currency, as absolutely to prohibit by law the circulation of private notes; yet it would certainly be expedient to issue parliamentary notes, to circulate in competition with private notes, especially as the state would draw very considerable advantages from that circulation; and the people have had so much experience of the insecurity of private credit, and of the stability of the credit of the public, that they would unanimously concur in supporting the New Establishment, as the surest means of
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quieting their alarms in regard to the value of the paper representative of money, so useful in commerce. The wanton and scandalous abuses of private credit both in Great Britain and in Ireland, have made so deep an impression upon the minds of the people, that they seem to wish for an *insurance-office* against the future hazard of such calamities ; and the inhabitants of Ireland would immediately discover such an *insurance-office* in their national bank.

A national bank issuing notes of currency would not only give infallible security to those notes, but would reduce the interest of money in Ireland to one half the present rate, by being the general lender wherever good security could be produced. The paper-coiners, considering how easily they come by their money, are rather too selfish in setting an exorbitant value upon it to the borrower ; but after the establishment of the national bank, as they would no longer be the only lenders, and would have a competitor more powerful than all of them together,

together, they would be obliged to conform to the new rate of interest set by their competitor, or drop entirely their commerce; either of which alternatives would be beneficial to the state. I have already remarked, that the present abundance of nominal money in Great Britain, were the issuing of it not monopolized by interested men, would give us just reason to expect, that the rate of interest should be at two per cent.

I shall here confine myself to the circulation of Ireland, which in nominal and real money, is computed by some at three millions sterling, and by others at four. The real money is hardly reckoned to exceed 600,000 l. or 700,000 l. sterling, and the rest circulates on the credit of private bankers at Dublin and Cork; and, perhaps, of one or two bankers in some other city of the Island. It will be in vain to attempt to verify to the utmost exactness either the sum total of the money of Ireland, or the just proportion between the real and nominal money in that kingdom. But everyone acquainted with

with Ireland will not hesitate in declaring, that the nominal money bears a great proportion to the real money, so as to appear in common transactions twenty for one. I have been assured, that in a fair at Limerick, a person had seen a payment made of one thousand pounds, in which were only ten pounds of real money, which makes the proportion of the nominal to the real money as an hundred to one. But supposing it to be only as seven or eight to one, the issuers, to whom it costs very little, could well afford to lend it at a lower interest. As the national bank in Ireland would not diminish the present quantity of circulating money; but, on the contrary, would augment it, which, at this very moment is so much wanted, and so much desired in that Island; it would, therefore, by that very augmented abundance contribute to lower the rate of interest. But it would contribute much more to the same end, by becoming the general lender, and offering money at three per

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cent.

cent. Borrowers that could afford good security, having an offer of money at three per cent. would certainly not seek for a loan at an higher interest; and as nine tenths of the landed gentlemen and merchants that borrow money can produce good security, the rate of interest set by the national bank would soon become the general rate without any direct act of parliament. The national bank of Ireland, therefore, would operate what it is so much the interest of the landed gentleman, of the merchant, of the manufacturer, and of the statesman to see take effect. Would the landed gentlemen of Ireland wish to see the value of their property augmented nearly one third, that is, the value of their lands to rise ten or twelve years purchase, they might be sure of such an effect flowing from a national bank lending money at three per cent. Would the manufacturer or merchant undertake any enterprize at the risk of burdening himself with the payment of 100 l. annually, he can just effect double when
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the interest of money is at three per cent. as when it is at six per cent. And this example explains the reason why the diminution of interest has such a powerful effect in forwarding the prosperity of a state; for a fall of interest from six to three per cent. is not a fall of three in an hundred, or one thirty-third part, but is in effect a fall of fifty in an hundred, or a fall of one half; and it is in politics, as in mechanics, the diminishing the resistance one half, has the same effect as the doubling the power; therefore, the lowering the interest of money ought to be the greatest wish not only of the gentleman and merchant, but likewise of the statesman.

Before I specify more particularly the advantages accruing to Great Britain and Ireland, from the establishment of a national bank in Ireland, I shall propose the outlines of the bank itself. Let the parliament of Ireland, this present winter, make an act for circulating upon parliamentary security one million sterling in bills of credit, appointing a public of-

fice in Dublin, near the Castle, for the prompt payment of all those bills, or bank-notes. This million in notes, supposing none of the present private notes to be suppressed, or called in, would augment the circulation of Ireland about 800,000 l. for about 200,000 l. in cash must be withdrawn from the present circulation as a deposit at the bank to answer all demands; and such an augmentation of money will, I believe, be readily allowed to be at present necessary in Ireland. In the establishment of the new bank, let every thing seemingly coercive be avoided; and, therefore, the private notes may be suffered to be in concurrence with the national notes, as long as they can obtain any credit. In successive years, as the private notes lose their estimation, and sink out of circulation, the capital of the national bank may be augmented by subsequent acts of parliament, till the currency wanted in the nation be properly supplied, of which the legislature would certainly be as sufficient judges as any private bankers

bankers can be. Let the act for the new bank nominate ten or more commissioners, to be resident in Dublin, to have the immediate superintendence of the issuing and circulation of the notes; and let every bank-note be signed by five or more of those commissioners. The following form, or some other nearly similar, may serve for the tenor of the notes: "We the undersigned commissioners of the national bank of Ireland, established by act of parliament, do promise to pay upon demand, to A. B. or the bearer, the sum of ———, being thereunto empowered by the parliament aforesaid." Let a register of the issuing and returning of every note be kept by the said commissioners; and let it be declared felony for any commissioners who shall issue out any note or notes for a greater sum than the sum authorised by parliament, unless for the same value in coin of gold or silver deposited and remaining in the bank. Let the commissioners of the bank be empowered to lend money at three per cent. per annum,

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upon good and sufficient real security; and let the bank be declared the preferable creditor, in case of the sale of effects and possessions of any person debtor to it, and who may, at the same time, be debtor to others. Let a complete balance of the books of the bank be submitted at a fixed period every year, or every two years, to the inspection of a committee of the house of commons, &c. &c. &c. It may suffice at present to have given the general heads of the act for the formation of a national bank in Ireland, as it is not so much the object of this Essay to particularize every regulation necessary for that establishment, as to demonstrate the expediency and utility of it to Great Britain and Ireland.

I say, I urge the establishment of a national bank in Ireland, from the double motive of the benefits arising from it directly to Ireland, and of the advantages that would consequentially flow from it to Great Britain; and, with the consideration of some few of these I shall

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conclude this Essay. Have the people of Ireland borrowed money from abroad, the national bank will soon enable them to return all those capitals, which are now a national drain, on account of the interest that annually goes out of the kingdom for them. Should several foreigners arrive in Ireland, bringing with them 800,000 l. in cash, and offer to lend that money upon good security at three, or at two per cent. such a circumstance, it will be allowed, would be for the advantage of Ireland; but a national bank would produce very near the same advantage to the kingdom, for every million of notes it would issue, should it issue to the amount of four or five millions. Let us suppose the Dublin bank the instrument of circulating only three millions of nominal money, upon a hoard of 600,000 l. in real cash, there would arise from this an annual saving of the interest of 2,400,000 l. which, at three per cent. is 72,000 l. To this sum may be added 30,000 l. more, arising from the banks discounting of mercantile bills,

bills ; and from its transmitting of bills to Great Britain in a direct correspondence with the bank of England. Those that vaunt the prodigious profits accruing to Great Britain from Bengal within these ten years past, tell us that the money transmitted home by bills, when joined to the annual investments purchased for the company by the revenues of those eastern provinces, may amount to about ten millions sterling. But, I think, it would not be difficult to prove, that within the same space of time, despised and neglected Ireland has contributed as much as Bengal to the opulence of Great Britain. The transmitting of the various bills of exchange between Ireland and Great Britain, is taxed above 60,000*l.* by the money-dealers in both kingdoms ; when, if there were a national bank established at Dublin, it could negotiate all those bills with the bank of England at half the expence. Thus the two banks might be gainers 30,000*l.* the public would be better accommodated, and twenty or five and twenty idle bankers would

would be induced to quit their present employments, and turn merchants or manufacturers, to the benefit of the state. Though the East Indians, in Bengal, are kept in chains by their throfs, or money exchangers, yet it is full time for the enlightened people of Great Britain and Ireland to scorn the taxation of such unnecessary agents, who, without producing one manufacture or mercantile commodity, do in many cases clog the internal circulation of the state with a tax of three, four, and five per cent. From the two articles above mentioned, the annual profits of the national bank would amount to above 100,000 l. but whatever those profits may be, they ought to be accounted for to the legislature annually, or every two years ; and after paying the expence of management, there would probably remain a sum for public services, equal to the amount of the hearth-money, which dispiriting and oppressive tax ought then to be suppressed*.

* Should the two banks, instead of discounting each others bills, reciprocally support the

But should the pecuniary profits of the new bank barely defray the expence of management, the advantages arising from it to the state would nevertheless be extremely great. 1. As the rate of the interest of money regulates the market-price of lands, the diminishing that rate two or three per cent. by means of the new bank, would, as I have observed, raise the saleable value of land ten or twelve years purchase. Now, the lowest of these proportions would, upon a rent-

credit of each other's notes in circulation, the notes of BOTH BANKS might have equal currency in BOTH ISLANDS; which, I think, would only contribute to spread the influence of each bank; and the profits of discounting, which they would thereby lose, would be made up to them by the augmented circulation of their paper. For an example of this circulation, I need only refer to a company of bankers in London, who give bills payable all over Europe seven days after sight. Should the two banks, however, not find their profit in this reciprocal circulation, they might again have recourse to the practice of discounting, which they could do upon terms easier by fifty per cent. than hitherto has been done.

roll

roll of two millions and a half, be an augmentation of value upon the whole, of twenty-five millions. So much would the value of the lands of Ireland assuredly rise by this new establishment. The landed gentlemen by this new bank would not only see themselves freed from the chains of the monied men; but would have the satisfaction to find the value of their property augmented nearly one third. 2. It is the rate of the interest of money likewise by which the merchant regulates his profits; therefore, should the new bank be the instrument of lowering that rate but two per cent. the merchants of Ireland would either gain two per cent. more upon their foreign commerce, or could afford to sell their merchandize abroad for two per cent. less gain, either of which would be beneficial to the state, promote its commerce, and the prosperity of its merchants. To those two capital advantages, flowing from the proposed establishment, may be added others of no small consequence. 3. It would change the present national

debt of Ireland from five to three per cent. which would be an annual saving to the public of about 20,000 l. 4. Supposing the private mortgages upon land in Ireland to be one million of pounds, those may be all cleared off at their present rate of six per cent. and contracted with the bank at three per cent. which would be an annual saving to the landed interest of 30,000 l. 5. As the catholics in Ireland are denied the privilege of purchasing lands in that Island; and, it is suspected, that many of the monied papists, either send their cash into foreign countries, or purchase lands in those countries where they go and reside, the establishment of a national bank in Dublin might perhaps induce those papists to place their money in that bank, instead of sending it abroad, or emigrating from their native country, which would be giving a pledge of their fidelity, without much increasing their influence. 6. This new bank would likewise be a safe deposit for the small savings of private families, many of whom within these

these ten or twelve years, have suffered very considerably by the fraudulent bankruptcies of private bankers to whom they had trusted their cash. Several other advantages to Ireland that cannot now be foreseen, may be expected to flow from a national bank at Dublin; but the above specified are so very considerable and important, as to make the landed gentlemen and merchants in Ireland earnestly wish to see such a security for paper currency established among them without delay, and to act conjointly for extending its influence.

Let us now consider the benefits that would consequentially flow from that establishment to Great Britain. The Corporation-bank in Great Britain, commonly called the bank of England, if narrowly examined, will be found to be a mere private company, acting from very limited selfish views, when there is a much wider field of action lying open before them, which the government ought to encourage them to occupy. The Irish bankers monopolize the
money

money circulation all over Ireland; while, on the other hand, the influence of the bank of England is not enough extended in Great Britain. Nine or ten years experience of the easy and successful operations of the parliament bank in Ireland, would give new ideas to the English directors in regard to money circulation, and would enable them in their next contract with the government, to form such regulations as would render that company more profitable, not only to the proprietors, but to the state. Could the bank of England by an extension and improvement of her management be enabled to increase her annual dividend two or three per cent. she could when her charter expires, well afford to pay a much more considerable sum to government for a renewal of it than she has ever yet done. This transaction, which will arrive ten or eleven years hence, cannot be called remote in a political view; and the establishment I now propose of a national bank in Ireland, will greatly facilitate the future negotiation
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of the British minister with the bank of England. Before the expiration of the charter of the bank of England, the Irish bank ought to have acquired a kind of maturity, and the correspondence between the two banks ought to have become a kind of habitude or routine, which would inspire such confidence into the directors of the bank of England, as would make them chearfully comply with the terms proposed to them by administration. But to promote the future negociation with the bank of England for the advantage of government, I say, that it is extremely necessary that paper circulation, and the traffic in private notes, should previously undergo some parliamentary regulation, or at least some political reformation. The establishment of a national bank in Ireland will afford a most favourable opportunity for this. It will yield us a most striking example at our doors of the utility of suppressing, or at least of discouraging, private coiners; for an appeal
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to the happy success of the bank in Ireland, would prove to the most distrustful among us, the great difference of security between public and private credit, and make them in time wish to have in Great Britain a paper-currency upon a more solid security than that of private companies.

The abuses arising from the private coinage of paper are becoming every day more glaring and more ruinous; yet all at once to use authoritative means for restraining that coinage, however legal, might perhaps be thought a violent expedient, endangering the tranquillity of the public. But the establishment now proposed of a national bank in Ireland, would introduce a proper reformation in the coinage and circulation of nominal money in that Island, by no other motive or inducement whatever but SUPERIOR CONFIDENCE, which would soon extend itself to Great Britain.

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The very considerable reduction of interest in Ireland effected by its national bank, would be the cause of effecting a farther reduction of interest in Great Britain; and, by the new treaty with the bank of England, would enable administration to put the whole of the public debts at two and an half, or two per cent. interest, which would be an annual saving for the use of the sinking fund, in the first case of 600,000 l. and, in the second, of 1,200,000 l. The two banks, I mean the incorporated bank of England, and the national bank of Ireland, in consequence of their correspondence with each other, would in process of time bring private banks into discredit; and the innumerable small currents of profit of those private coiners, being diverted into the stream of the profits of the two banks countenanced by law, government would draw much more advantage from a paper currency than it draws at present from that source, while the people, at the same time, would be

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gainers in having the nominal money put, in point of value and security, upon a par with money of gold or silver. The distinction between public credit and private credit being once properly and definitively made, the advantages of the former over the latter would be so evident to persons of the meanest capacity, that they would no more trust the latter, than they would trust a rotten plank in passing a river, when they had the convenience of a solid stone bridge.

To conclude; the establishment I have proposed in this present Essay, comprehends three great objects, the furnishing money to borrowers upon more reasonable terms; the raising the grand pledge of land in Ireland one fourth, or one third more; and the assuring to the whole community the never failing value of the small diminutive pledges that are daily passing from hand to hand; all of which would contribute greatly to advance the opulence, and consequently the power of the state. As the subject I
have

have treated of is extremely intricate, I hope for indulgence, in case some part of my reasoning should not have that convincing evidence, which I have most studiously endeavoured to throw upon all of it. Every thing tending to illustrate the nature of the circulation of the blood is yet far from being analyzed; nevertheless, all the world are now convinced, that life depends upon that circulation; and that it is much better for the body to have the veins filled with blood than with water.

F I N I S.

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